



EUROPEAN  
COMMISSION

Community research

# 7th Framework Programme

## Guarantee Fund





## Implementation of the project

- Participants are **technically responsible** for carrying out the project jointly and severally towards the Community
- **But: no collective financial responsibility** as under FP6
- **Instead: establishment of a participant Guarantee Fund** to cover risks
- The Commission has to establish the **Guarantee Fund** and its modalities for implementation



# Participant Guarantee Fund

- **The Fund belongs to all beneficiaries of grant agreements under the FP7**
- **All beneficiaries contribute to the Fund to insure against financial losses of the project**
- **The contribution equals 5% of the EC financial contribution foreseen for each participant**
- **In principle the amount contributed to the Fund will be reimbursed at the end of the action**
- **Financial interest generated by the Fund will serve to cover financial risk**



# Ongoing grant agreement

- a beneficiary does **not reimburse** to the coordinator any amount requested by the Commission
- the remaining beneficiaries agree to **continue** with the implementation of the grant agreement
- the Commission orders the Bank to **transfer** an equivalent amount directly **from the Fund** to the coordinator
- Amounts transferred from the Fund shall substitute the Community financial contribution not reimbursed by the beneficiary



# Recoveries after termination or completion of any grant agreement

- The Commission **requests** the beneficiary concerned to reimburse the amount due (recovery order)
- If payment not made by the due date, sums may be recovered by **offsetting** them against any sums the Community owes to the beneficiary concerned
- Where offsetting is not possible, the Commission **recovers from the Fund** the amounts due



# Recoveries to the benefit of the Fund

- **Where amounts have been**
  - transferred from the Fund to an ongoing project or
  - recovered from the Fund by the Community**the beneficiary owing them shall reimburse the Fund**
- **For this purpose, the Commission shall issue a recovery order against this beneficiary to the benefit of the Fund**



EUROPEAN  
COMMISSION

Community research

# Financial viability and guarantees

- **Exoneration** of verification of financial viability of participants (excluding Coordinators) requesting less than 500.000 EUR
- **No bank/financial guarantee** may be requested